

Cap-and-Trade Program Services Requests for Proposal (RFPs)

Bidders' Conference

Tuesday, September 20th, 2011

9:00 a.m. PDT

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Introductions

Administrative Services Division (ASD) – Contract and Procurement Services Section

- Socorro Watkins
- Carol Macrae
- Sue Bayoneta

Stationary Source Division (SSD) – Climate Change Program Planning and Management Branch

- Janette Brooks
- Chuck Seidler
- Ashley Dunn

Office of Legal Affairs

- Diana Jeschke

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Agenda

- Procurement Process Overview
 - Contract Length for RFPs
 - Cost Proposal Requirements
 - Evaluation of Proposals
 - Key Action Dates
 - Written Question Submittal Procedures
- RFPs Overview Presentation
 - Purpose of RFPs for Cap-and-Trade Implementation Services
 - Interaction of Implementation Services
 - Required Restrictions
 - Cap-and-Trade Services to be Procured
 - Description of Services for each RFP – Purpose, Objectives, and Services
- Question and Answer Sessions for each RFP

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Contract Length for RFPs

- After receiving final approval by the Department of General Services (DGS)
 - Up to 24 months:
 - Auction and Reserve Sale Operator
 - Financial Services for Auction and Reserve Sale
 - Market Monitor
 - Up to 14 months:
 - Market Monitor Trainer

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Cost Proposal Requirements

- **Timeframe for Cost Allocation**
 - Cost proposals will allocate costs for 24 months of service for:
 - Auction and Reserve Sale Operator
 - Financial Services for Auction and Reserve Sale
 - Market Monitor
 - Cost proposals will allocate costs for 14 months of service for:
 - Market Monitor Trainer
- **Maximum Budget Amounts**
 - ARB's budget limit for each of the RFPs is as follows:
 - Auction and Reserve Sale Operator - \$750,000
 - Financial Services for Auction and Reserve Sale - \$500,000
 - Independent Market Monitor - \$400,000
 - Market Monitor Trainer - \$200,000

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Evaluation of Proposals

- The following criteria will be used by reviewers evaluating the proposals which have met all minimum requirements:
 - Responsiveness to the Goals and Objectives Outlined in the RFPs (15 points)
 - Methodology/Technical Approach (25 points)
 - Previous Related Experience (15 points)
 - Level and Quality of Effort to be Provided, Including Project Management Plan (15 points)
 - Cost (30 points)

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Key Action Dates

- Written Questions Submittal Deadline is Friday, September 23rd, 2011 by 5:00 P.M.
- Question Responses are due from ARB Friday, October 7, 2011.
- All Proposals are due to ARB no later than **Friday, October 14th by 3:00 p.m. PDT.**
 - Posting of Intent to Award Notice(s) – 11/22/11
 - Contracts Approved and Executed – 1/10/2012

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Written Question Submittal Procedures

- All questions on the RFPs must be submitted in writing:
 - Forms are available in the back of the room to submit written questions during the bidders' conference.
 - Questions may also be e-mailed to Sue Bayoneta at sbayoneta@arb.ca.gov.
 - Questions received during the bidders' conference today will be discussed after the description of services for all RFPs.
- Responses to written questions asked during this bidders' conference and responses to questions submitted via email will be issued through a formal RFP Addendum that will be posted online at CA's procurement portal website.
 - <http://www.bidsync.com/help/bidsync/freebids.html>

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Purpose of RFPs for Cap-and-Trade Implementation Services

- Establishing and implementing a proposed California and regional GHG cap-and-trade program requires ARB and WCI Partner jurisdictions to put these services in place.
- As recommended by the WCI Partner jurisdictions, California will work with the providers to ensure these services support the common goals of the WCI Partner jurisdictions considering a regional cap-and-trade program.

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Interaction of Implementation Services

- Services are needed to operate the compliance instrument market and will interact by sharing primary and secondary market procedures and information.
- These services will begin in the pre-auction period and continue through the entire program compliance cycle.
- Services will require the transfer of data between service providers and ARB, which will require plans and a clear approach to ensure system and data security.

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Required Restrictions

- Required restrictions specific to the final selection of vendors include the following:
 - Contractor chosen to provide Auction and Reserve Sale Operator services will not be awarded any additional contract pursuant to:
 - Financial Services (RFP 10-110)
 - Market Monitor (RFP 10-111)
 - Contractor chosen to provide Financial Services for Auction and Reserve sale will not be awarded any additional contract pursuant to:
 - Market Monitor Trainer (RFP 10-110)
 - Market Monitor (RFP 10-111)
 - Contractor chosen to provide Market Monitor or Market Monitor Trainer services will not be awarded any additional contract pursuant any RFP discussed today.

During the bidders' conference a typo was discovered. The list to the left is incorrect, and should be as follows:

- Market Monitor Trainer (RFP 10-110)
- Market Monitor (RFP 10-111)

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Cap-and-Trade Services to be Procured

- Auction and Reserve Sale Operator (RFP 10-108)
- Financial Services for Auction and Reserve Sale (RFP 10-109)
- Independent Market Monitor (RFP 10-111)
- Market Monitor Trainer (RFP 10-110)

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Description of Services - Auction and Reserve Sale Operator

- Purpose: Prepare, communicate, design, and execute quarterly allowance auctions and reserve sales.
- Objectives:
 - Operate quarterly GHG allowance auctions and reserve sales to implement the proposed cap-and-trade program.
 - Perform services in close coordination with program staff, designated Financial Services contractor, Independent Market Monitor, and cap-and-trade program participants.

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Auction and Reserve Sale Operator (Cont.)

- The service provider will:
 - Design processes and procedures for GHG allowance auctions and reserve sales including all participant communication, outreach, and training.
 - Develop and publish bidder qualification information and applications.
 - Determine qualified bidders.
 - Receive bids for and conduct auctions and reserve sales.
 - Prepare and implement a plan to ensure system and data security.

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Description of Services - Financial Services for Auction/ Reserve Sale

- Purpose: Successfully complete all financial qualifications and financial settlement of transactions for quarterly auction and reserve sales.
- Objectives:
 - Administer financial and transaction services to support quarterly GHG allowance auctions and reserve sales to implement the proposed cap-and-trade program.
 - Coordinate services with program staff, designated Auction and Reserve Sale Operator, and cap-and-trade program participants.

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Financial Services (Cont.)

- The service provider will:
 - Process auction and reserve sale qualification applications.
 - Accept bid guarantee instruments.
 - Conduct financial settlements.
 - Process distribution of proceeds from auctions and reserve sales.
 - Prepare and implement a plan to ensure system and data security.
 - Manage financial records associated with the quarterly auctions and reserve sales in a highly secure and confidential manner.

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Description of Services – Independent Market Monitor

- Purpose: Detect any anti-competitive or manipulative behavior in allowance holdings and the compliance instrument market.
- Objectives:
 - Monitor the conduct of market participants in the GHG allowance auctions and reserve sales, and in the secondary markets.
 - Identify any indications of anti-competitive, collusive, or manipulative behavior.
 - Understand market activity and trades and ensure fair competition and efficient pricing.

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Independent Market Monitor (Cont.)

- The service provider will:
 - Prepare a monitoring plan.
 - Review auction and reserve sale procedures.
 - Audit and monitor auction and reserve sales.
 - Monitor allowance holdings and transfer activity.
 - Prepare reports on market activity and trends.
 - Prepare and implement a plan to ensure system and data security.

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Description of Services – Market Monitor Trainer

- Purpose: To provide market monitoring training for California staff administering the proposed cap-and-trade program.
- Objectives:
 - Assess the training needs, design training, identify appropriate instructors.
 - Deliver training on the theory and practice of select areas of market monitoring of emissions or other commodity related primary (auction) market, secondary physical market, and financial derivatives markets to California staff.

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Market Monitor Trainer (Cont.)

- The service provider will:
 - Assess ARB training needs in the theory and practice of market monitoring of emissions allowances, compliance offset certificates, other commodity related primary (auction), secondary physical market, and financial derivative market.
 - Recommend requirements to effectively train ARB and other agency staff (up to 30 staff members).
 - Produce training materials and deliver training.
 - Maintain accurate training records.
 - Evaluate and update training materials as appropriate.

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RFP Question and Answer Session

- Questions on the Auction and Reserve Sale Operator RFP?
- Questions on the Financial Services for Auction and Reserve Sale RFP?
- Questions on the Market Monitor RFP?
- Questions on the Market Monitor Trainer RFP?

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Closing Comments

- Any further questions?
- Thank you for your participation.

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